

**MARSHALL COUNTY, MISSISSIPPI**  
**Audited Financial Statements and Special Reports**  
**For the Year Ended September 30, 2019**

**Bridgers, Goodman, Baird & Clarke, PLLC**  
**Certified Public Accountants**  
**Vicksburg, Mississippi**

**MARSHALL COUNTY  
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# **MARSHALL COUNTY**

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Marshall County, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marshall County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Adverse Opinion on Aggregate Discretely Presented Component Units**

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units has not been determined.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Marshall County, Mississippi, as of September 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marshall County, Mississippi, as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Omission of Required Supplementary Information*

Marshall County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marshall County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2022, on our consideration of Marshall County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Marshall County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marshall County, Mississippi's internal control over financial reporting and compliance.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
January 10, 2022

# **MARSHALL COUNTY**

## **FINANCIAL STATEMENTS**

**MARSHALL COUNTY**  
**Statement of Net Position**  
**September 30, 2019**

**Exhibit 1**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 16,586,700
Property tax receivable	13,725,863
Accounts receivable, net	7,884
Fines receivable, net	575,488
Intergovernmental receivables	672,569
Other receivables	5,199
Capital assets:	
Land and construction in progress	10,477,819
Other capital assets, net	59,600,527
Total Assets	<u>101,652,049</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension	1,583,588
Total Deferred Outflows of Resources	<u>1,583,588</u>
<b>LIABILITIES</b>	
Claims payable	985,980
Intergovernmental payables	447,013
Accrued interest payable	72,990
Amounts held in custody for others	333,166
Long-term liabilities	
Net pension liability	20,784,560
Due within one year:	
Capital debt	880,785
Non-capital debt	667,488
Due in more than one year:	
Capital debt	6,525,820
Non-capital debt	7,078,849
Total Liabilities	<u>37,776,651</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	240,982
Deferred revenues- property tax	13,725,863
Total Deferred Inflows of Resources	<u>13,966,845</u>
<b>NET POSITION</b>	
Net investment in capital assets	62,671,741
Restricted:	
General government	5,864,481
Public safety	1,105,342
Public works	3,136,468
Culture and recreation	144,803
Economic development	2
Debt service	268,180
Unrestricted	(21,698,876)
Total Net Position	<u>\$ 51,492,141</u>

The notes to the financial statements are an integral part of this statement.



**MARSHALL COUNTY**  
**Statement of Activities**  
**For the Year Ended September 30, 2019**

**Exhibit 2**

					Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Program Revenues			Primary Government Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 6,533,900	1,497,177			(5,036,723)
Public safety	6,829,348	428,319	256,502		(6,144,527)
Public works	7,938,327	1,284	856,440	1,546,433	(5,534,170)
Health and welfare	789,284				(789,284)
Culture and recreation	216,688				(216,688)
Conservation of natural resources	101,824				(101,824)
Economic development and assistance	753,132			4,679,474	3,926,342
Interest expense	413,792				(413,792)
Pension expense	2,638,827				(2,638,827)
Total Primary Government	<u>\$ 26,215,122</u>	<u>1,926,780</u>	<u>1,112,942</u>	<u>6,225,907</u>	<u>(16,949,493)</u>
General revenues:					
Property taxes				\$	18,681,586
Road & bridge privilege taxes					482,270
Grants and contributions not restricted to specific programs					2,242,610
Unrestricted interest/investment income					291,388
Miscellaneous					384,670
Total General Revenues					<u>22,082,524</u>
Changes in Net Position					<u>5,133,031</u>
Net Position - Beginning, as previously reported					43,871,740
Prior period adjustment					2,487,370
Net Position - Beginning, as restated					<u>46,359,110</u>
Net Position - Ending				\$	<u>51,492,141</u>

The notes to the financial statements are an integral part of this statement.

**MARSHALL COUNTY**  
**Balance Sheet – Governmental Funds**  
**September 30, 2019**

**Exhibit 3**

	<b>Major Funds</b>				
	<b>General Fund</b>	<b>Road Maintenance Fund</b>	<b>Justice Complex Expansion Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 5,894,568	2,935,641	5,719,864	2,036,627	16,586,700
Property tax receivable	8,789,804	4,251,340		684,719	13,725,863
Fines receivable (net of allowance for uncollectibles of \$2,661,207)	575,488				575,488
Accounts receivable (net of allowance for uncollectibles of \$581,117)	7,884				7,884
Intergovernmental receivables	184,800			487,769	672,569
Other receivables	5,199				5,199
Due from other funds	22,201	111,315		98,472	231,988
Total Assets	<u>15,479,944</u>	<u>7,298,296</u>	<u>5,719,864</u>	<u>3,307,587</u>	<u>31,805,691</u>
<b>LIABILITIES</b>					
Claims payable	202,875	201,405		581,700	985,980
Intergovernmental payables	438,008				438,008
Due to other funds	218,792			22,201	240,993
Amounts held in custody for others	333,166				333,166
Total Liabilities	<u>1,192,841</u>	<u>201,405</u>	<u>-</u>	<u>603,901</u>	<u>1,998,147</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	8,789,804	4,251,340		684,719	13,725,863
Unavailable revenue-fines	575,488				575,488
Unavailable revenue-sanitation fees	7,884				7,884
Total Deferred Inflows of Resources	<u>9,373,176</u>	<u>4,251,340</u>	<u>-</u>	<u>684,719</u>	<u>14,309,235</u>
<b>FUND BALANCE</b>					
Restricted for:					
General government			5,719,864	144,617	5,864,481
Public safety				1,105,342	1,105,342
Public works		2,845,551		283,033	3,128,584
Culture and recreation				144,803	144,803
Economic development				2	2
Debt service				341,170	341,170
Unassigned	4,913,927				4,913,927
Total Fund Balances	<u>4,913,927</u>	<u>2,845,551</u>	<u>5,719,864</u>	<u>2,018,967</u>	<u>15,498,309</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>15,479,944</u>	<u>7,298,296</u>	<u>5,719,864</u>	<u>3,307,587</u>	<u>31,805,691</u>

The notes to the financial statements are an integral part of this statement.

**MARSHALL COUNTY****Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2019**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 15,498,309
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$89,308,486.	70,078,346
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	583,372
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(15,152,942)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(72,990)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(20,784,560)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	1,583,588
Deferred inflows of resources related to pensions	(240,982)
Total Net Position - Governmental Activities	\$ <u>51,492,141</u>

The notes to the financial statements are an integral part of this statement.

**MARSHALL COUNTY****Exhibit 4****Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds  
For the Year Ended September 30, 2019**

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Road Maintenance Fund</b>	<b>Justice Complex Expansion Fund</b>		
<b>REVENUES</b>					
Property taxes	\$ 12,262,366	5,625,325		793,895	18,681,586
Road and bridge privilege taxes		482,270			482,270
Licenses, commissions and other revenue	1,216,898			8,948	1,225,846
Fines and forfeitures	320,221			7,872	328,093
Intergovernmental revenues	2,307,920	629,257		6,644,282	9,581,459
Charges for services	67,202			290,781	357,983
Interest income	162,328	67,988	25,817	35,255	291,388
Rental income	18,180				18,180
Miscellaneous revenues	297,441	9,779		59,270	366,490
Total Revenues	16,652,556	6,814,619	25,817	7,840,303	31,333,295
<b>EXPENDITURES</b>					
Current:					
General government	6,687,856			23,111	6,710,967
Public safety	5,866,488			1,416,428	7,282,916
Public works	224,714	6,526,601		1,776,685	8,528,000
Health and welfare	794,468				794,468
Culture and recreation	214,746				214,746
Conservation of natural resources	109,341				109,341
Economic development and assistance	679,615			4,543,983	5,223,598
Debt service:					
Principal	480,923	404,422		496,951	1,382,296
Interest	211,086	23,153		298,735	532,974
Total Expenditures	15,269,237	6,954,176	-	8,555,893	30,779,306
Excess of Revenues over (under) Expenditures	1,383,319	(139,557)	25,817	(715,590)	553,989
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term capital debt issued	116,498			168,323	284,821
Transfers in				862,413	862,413
Transfers out	(862,413)				(862,413)
Total Other Financing Sources and Uses	(745,915)	-	-	1,030,736	284,821
Net Changes in Fund Balances	637,404	(139,557)	25,817	315,146	838,810
Fund Balances - Beginning, as previously reported	4,431,737	2,985,108	5,694,047	1,703,821	14,814,713
Prior period adjustment	(155,214)				(155,214)
Fund Balances - Beginning, as restated	4,276,523	2,985,108	5,694,047	1,703,821	14,659,499
Fund Balances - Ending	\$ 4,913,927	2,845,551	5,719,864	2,018,967	15,498,309

The notes to the financial statements are an integral part of this statement.

**MARSHALL COUNTY****Exhibit 4-1****Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2019**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 838,810
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$6,546,155 exceeded depreciation of \$1,916,815 in the current period.	4,629,340
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$19,719.	(19,719)
Fine revenue recognized on the modified accrual basis in the funds during the current year is decreased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	14,874
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(16)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayment of \$1,382,296 exceeds debt proceeds of \$284,821.	1,097,475
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in compensated absences	(178,029)
Change in accrued interest payable	119,182
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(2,638,827)
Recognition of contributions made for the current year	1,269,941
Change in Net Position of Governmental Activities	\$ <u><u>5,133,031</u></u>

The notes to the financial statements are an integral part of this statement.

**MARSHALL COUNTY**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2019**

**Exhibit 5**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 109,832
Due from other funds	9,005
Total Assets	<u>118,837</u>
<b>LIABILITIES</b>	
Intergovernmental payables	109,719
Other payables	9,118
Total Liabilities	<u>\$ 118,837</u>

The notes to the financial statements are an integral part of this statement.

**MARSHALL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.**

**A. Financial Reporting Entity.**

Marshall County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Marshall County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of the County's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Marshall County Industrial Development Authority
- Marshall County Library
- Marshall County Museum

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor
- Tax Collector
- Sheriff

**B. Basis of Presentation.**

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

**Government-wide Financial Statements:**

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities.

**MARSHALL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**

Direct expenses are those that are specifically associated with a service, program, or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

**Fund Financial Statements:**

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

**C. Measurement Focus and Basis of Accounting.**

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Road Maintenance Fund – The fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

Justice Complex Expansion Fund – This fund is used to account for monies from specific revenue sources that are restricted for the construction of the Justice Complex Expansion project.



**MARSHALL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**

Additionally, the County reports the following fund types:

**GOVERNMENTAL FUND TYPES**

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**FIDUCIARY FUND TYPE**

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

**D. Account Classifications.**

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

**E. Deposits and Investments.**

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality, or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

**F. Receivables.**

Receivables are reported net of allowances for uncollectible accounts, where applicable.

**G. Inter-fund Transactions and Balances.**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**MARSHALL COUNTY**  
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**H. Capital Assets.**

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental-activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extents to which capital assets, other than infrastructure, have been estimated, and the methods of estimation, are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. It is the practice of the County that no depreciation is taken on purchases of capital assets during the acquisition year. A full year's depreciation is taken for all sales or other dispositions of capital assets during the year. The schedule on the following page details those thresholds and estimated useful lives.

	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Land	\$ 0	N/A
Infrastructure	0	20 to 50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Leased property under capital leases	*	*

\*Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

**I. Deferred Outflows/Inflows of Resources.**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 8 for additional details

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s), and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue

**MARSHALL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Unavailable revenue – sanitation fees – When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 8 for additional details.

**J. Pensions.**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**K. Long-term liabilities.**

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

**L. Equity Classifications.**

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

*Net Investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

*Unrestricted net position* - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

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**Net Position Flow Assumption:**

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts and then unassigned amounts.

**Fund Financial Statements:**

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as non-spendable, restricted, committed, assigned, or unassigned. The following are descriptions of fund classifications used by the County:

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to a specific purpose within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**Fund Balance Flow Assumption:**

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts and then unassigned amounts.

**M. Property Tax Revenues.**

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicle and mobile homes become a lien and are due in the month that coincides with the month of the original purchase.

**MARSHALL COUNTY**  
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Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of the original purchase occurs.

**N. Intergovernmental Revenues in Governmental Funds.**

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

**O. Compensated Absences.**

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Government Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

**P. Changes In Accounting Standards.**

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard has been incorporated into the financial statements and notes.

**NOTE 2 - PRIOR PERIOD ADJUSTMENTS.**

A summary of significant net position/fund balance adjustments is as follows:

**Exhibit 2 - Statement of Activities - Governmental Activities:**

Explanation	Amount
To adjust capital assets to client records	\$ 2,504,411
To adjust long-term debt	3,000
To adjust pension liability	(20,041)
Total prior period adjustments	<u>\$ 2,487,370</u>

**Exhibit 4 - Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds**

Explanation	Amount
General Fund	
To adjust homestead exemption & land redemption for school district	\$ (155,214)
Total prior period adjustments	<u>\$ (155,214)</u>

**MARSHALL COUNTY**  
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**NOTE 3 – DEPOSITS AND INVESTMENTS**

Deposits:

The carrying amount of the County's total deposits with financial institutions as of September 30, 2019, was \$16,696,532 (which includes \$510,923 of certificates of deposit with maturities beyond three months), and the bank balance was \$18,233,875. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

Investment balances as of September 30, 2019, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>
Certificate of Deposit	Less than 1 year	Level 1	\$ 510,923

**Interest Rate Risk -** The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

**Credit Risk -** State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

**Custodial Credit Risk - Investments.** Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. Of the County's investment, \$510,923 were insured by securities pledged to the State Treasurer by that institution to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Concentration of Credit Risk -** The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in Certificates of Deposit. These investments are 100% of the County's total investments and are reported in the General Fund.

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Percent of Total Investments</u>
Certificate of Deposit	General Fund	\$ 510,923	100%

**MARSHALL COUNTY**  
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**NOTE 4- INTER-FUND TRANSACTIONS AND BALANCES.**

The following is a summary of inter-fund balances at September 30, 2019:

**A. Due From/To Other Funds:**

Receivable Fund	Payable Fund	Amount
Road Maintenance Fund	General Fund	\$ 111,315
Other Governmental Funds	General Fund	98,472
General Fund	Other Governmental Funds	22,201
Agency	General Fund	9,005
Total		\$ 240,993

The receivables represent tax revenue collected in September, 2019, but not settled until October, 2019 (128,864), amounts due from the Other Governmental Funds to the General Fund for interfund loan (22,201) and grant matching (89,256), and amounts due the Law Library Fund (672). All interfund balances are expected to be repaid within one year from the date of the financial statements.

**B. Transfers In/Out:**

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 862,413
Total		\$ 862,413

The purposes of interfund transfers were to cover operating expenses, cover grant matching requirements, and to transfer one mill tax levy. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.**

Intergovernmental receivables at September 30, 2019, consisted of the following:

Governmental Activities:

Description	Amount
State Legislative Tax Credit	\$ 184,800
ARC Grants	416,557
MDA DIP Grant	71,212
Total	\$ 672,569

**MARSHALL COUNTY**  
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**NOTE 6 - CAPITAL ASSETS.**

The following is a summary of capital assets activity for the year ended September 30, 2019:

<b>Governmental Activities:</b>	Balance Oct. 1, 2018	Additions	Deletions	Adjustments *	Balance Sept. 30, 2019
<b>Non-depreciable capital assets:</b>					
Land	\$ 679,339				679,339
Construction in progress	1,105,816	6,183,997		2,508,667	9,798,480
Total non-depreciable capital assets	1,785,155	6,183,997	-	2,508,667	10,477,819
<b>Depreciable capital assets:</b>					
Infrastructure	126,392,975	86,584			126,479,559
Buildings	8,699,552			12,138	8,711,690
Mobile equipment	9,102,424	70,750	191,211	268,474	9,250,437
Furniture and equipment	1,019,025	11,571	5,965		1,024,631
Leased Property	3,258,099	193,253		(8,656)	3,442,696
Total depreciable capital assets	148,472,075	362,158	197,176	271,956	148,909,013
<b>Less accumulated depreciation for:</b>					
Infrastructure	73,627,906	1,226,522		38,030	74,892,458
Buildings	4,194,188	147,381		243	4,341,812
Mobile equipment	7,658,032	165,214	172,089	395,680	8,046,837
Furniture and equipment	834,838	35,126	5,368	11	864,607
Leased Property	977,952	342,572		(157,752)	1,162,772
Total accumulated depreciation	87,292,916	1,916,815	177,457	276,212	89,308,486
Total depreciable capital assets, net	61,179,159	(1,554,657)	19,719	(4,256)	59,600,527
Total capital assets, net	\$ 62,964,314	4,629,340	19,719	2,504,411	70,078,346

\* Adjustments are to reclass assets, correct prior year errors, and reconcile amounts to County records.

Marshall County depreciation expense was charged to the following functions:

<b>Governmental Activities:</b>	Amount
General government	\$ 190,405
Public safety	299,207
Public works	1,425,424
Economic development	1,779
Total	\$ 1,916,815

Commitments with respect to unfinished capital projects as of September 30, 2019, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Various road projects	\$ unknown	unknown
Workforce Training Center	672,285	September-20
Cooper Tire - Infrastructure	103,455	March-22
Amazon - Infrastructure	3,987,640	March-23
Niagara - Infrastructure	223,622	April-20
Gateway Global Drive	2,420,975	June-21



**MARSHALL COUNTY**  
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**NOTE 7 – CLAIMS AND JUDGEMENTS**

**Risk Financing.**

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN.**

*General Information about the Pension Plan*

Plan Description. Marshall County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent

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compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. As of September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2019, was 17.40% of annual covered payroll. This rate increased as of July 1, 2019, from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$1,269,941, 1,151,402, and \$1,107,293 respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At, September 30, 2019, the County reported a liability of \$20,784,560 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2019, net pension liability was 0.118148 percent, which was based on a measurement date of June 30, 2019. This was an increase of .014568 percent from its proportionate share used to calculate the September 30, 2018, net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$2,638,827. As of September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,863	20,442
Net difference between projected and actual earnings on pension plan investments		203,084
Changes of assumptions	203,502	
Changes in the proportion and differences between contributions and proportionate share of contributions	1,023,878	17,456
Contributions subsequent to the measurement date	346,345	
Total	<u>\$ 1,583,588</u>	<u>240,982</u>

The \$346,345 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2020	\$ 647,317
2021	38,072
2022	215,980
2023	94,892
Total	<u>\$ 996,261</u>

**MARSHALL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Actuarial Assumptions. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 - 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019, valuation, were based on the results of an actuarial experience study for the period July 1, 2014, to June 30, 2018. The experience report is dated April 2, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate:

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	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's Proportionate share of the net pension liability	\$ 27,322,030	20,784,560	15,388,473

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**NOTE 9 – CAPITAL LEASES**

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

Classes of Property	Governmental Activities
Mobile equipment	\$ 2,383,951
Building	780,000
Land	278,745
Total	3,442,696
Less: Accumulated depreciation	1,162,772
Leased Property Under Capital Leases	\$ 2,279,924

The following is a schedule by years of the total payments due as of September 30, 2019:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 700,785	\$ 48,495
2021	523,180	28,683
2022	136,147	18,421
2023	71,416	13,969
2024	59,692	11,298
2025-2029	173,382	32,517
2030-2033	87,003	6,596
Total	\$ 1,751,605	\$ 159,979

**MARSHALL COUNTY**  
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**NOTE 10 - LONG TERM DEBT.**

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>A. General Obligation Bonds:</b>			
Public Improvement GO Bonds Series 2017	\$ 5,655,000	3.25	10/32
Total General Obligation Bonds	<u>\$ 5,655,000</u>		
<b>B. Capital Lease Obligations</b>			
2017 Ford Transit Van	\$ 5,228	2.03	03/20
Miller Building	78,631	5.25	03/22
Buford Building Renewal	114,086	4.20	04/24
County Office Complex Building	198,012	5.00	12/26
2018 Dodge Ram 1500	16,158	3.53	08/21
Work force Development Center (Land)	277,922	4.20	03/33
2018 Chevy Tahoe	13,184	2.17	10/20
2018 Dodge Charger	9,717	3.25	02/21
2018 Dodge Charger	9,717	3.25	02/21
2019 Ford F-150 Crew Cab 4x4	36,986	3.79	09/22
3-2019 Dodge Charger	66,903	3.94	04/22
3 Dodge Chargers (split)	2,906	1.93	11/19
3 Dodge Chargers (split)	1,586	1.93	11/19
2018 Ford Taurus	16,290	3.39	06/21
2018 Dodge Charger	11,388	3.29	05/21
F-150 with Police Package	36,368	3.94	04/22
2 Ford Police Interceptors	40,941	3.94	01/22
2018 Ford F-150 XLT	25,845	3.71	10/21
2019 Ford F-150	33,866	3.94	05/22
E-911 System Upgrade Equipment	141,704	2.19	06/21
4 Caterpillar Backhoe Loaders	159,522	2.07	05/21
Etnyre Centennial Asphal distributor	79,599	2.19	01/21
Etnyre Chip Spreader	131,975	2.19	01/21
5 2019 Freightliner Dump Trucks	243,071	3.33	08/21
Total Capital Lease Obligations	<u>\$ 1,751,605</u>		
<b>C. Other Loans:</b>			
MDA Lighthouse Plastics CAP Loan	\$ 250,138	3.00	*
NMCC Settlement	700,000	0.00	06/26
TVA	1,966,667	variable	04/34
MDA Roxul Project	3,998,013	3.00	03/36
Total Other Loans	<u>\$ 6,914,818</u>		

\* Loan is past maturity date, and has been considered as uncollectible by Mississippi Development Authority. However, due to state statute, it is still reported as a liability on the County's financial statements.

**MARSHALL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Year Ending September 30:	General Obligation Bonds		Other Loans		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 180,000	180,863	667,488	120,135	700,785	48,495
2021	185,000	174,931	422,870	114,614	523,180	28,683
2022	190,000	168,838	428,556	108,928	136,147	18,421
2023	440,000	158,600	434,413	103,071	71,416	13,969
2024	455,000	144,056	440,445	97,039	59,692	11,298
2025-2029	2,500,000	485,387	1,999,241	388,182	173,382	32,517
2030-2034	1,705,000	84,256	1,946,298	207,792	87,003	6,596
2035-2036			575,507	26,319		
Total	\$ <u>5,655,000</u>	<u>1,396,931</u>	<u>6,914,818</u>	<u>1,166,080</u>	<u>1,751,605</u>	<u>159,979</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 1.69% of the latest property assessments.

Commitments - On October 6, 2008, the Marshall County Board of Supervisors entered into an agreement with the City of Holly Springs relating to the financing for the construction of infrastructure for the Holly Springs Commons. The county's share is limited to 50% of the revenues of the tax increment financing or 50% of the bond payment, whichever is less. The principal balance remaining on these bonds is \$0.00 at September 30, 2019.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount due within one year
Compensated absences	\$ 653,490	178,029			831,519	
General obligation bonds	6,000,000		345,000		5,655,000	180,000
Other loans	7,226,808		311,990		6,914,818	667,488
Capital lease obligations	2,195,090	284,821	725,306	(3,000)	1,751,605	700,785
Total	\$ <u>16,075,388</u>	<u>462,850</u>	<u>1,382,296</u>	<u>(3,000)</u>	<u>15,152,942</u>	<u>1,548,273</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Countywide Road Maintenance Fund, Bridge and Culvert Fund, and Other Governmental Funds.

**NOTE 11 - CONTINGENCIES.**

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

**MARSHALL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

**NOTE 12 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION**

The governmental activities' unrestricted net position amount of (\$21,698,876) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$346,345 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$1,237,243 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$240,982 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next four years.

The governmental activities' net position amount includes the effect of deferring the recognition of revenue resulting from property tax receivable. The \$13,725,863 balance of deferred inflows of resources from property tax for future reporting period at September 30, 2019, will be recognized as revenue in the next fiscal year.

**Note 13 – JOINT VENTURES**

The county participates in the following joint venture:

Marshall County is a participant with the City of Holly Springs in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Marshall County-Holly Springs Airport Authority. The joint venture was created to provide a governing authority for the airport facilities in Marshall County and is governed by a five-member board of commissioners. The board of commissioners is appointed as follows: Marshall County, two; City of Holly Springs, two; joint, one. The county appropriated \$31,363 for the joint venture in fiscal year 2019.

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS.**

The County participates in the following jointly governed organizations:

Communicare operates in a district composed of the Counties of Calhoun, Lafayette, Marshall, Panola, Tate and Yalobusha. The Marshall County Board of Supervisors appoints one of the six members of the board of commissioners. The county appropriated \$49,999 for Communicare in fiscal year 2019.

Northwest Mississippi Community College operates in a district composed of the Counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Marshall County Board of Supervisors appoints two of the 23 members of the college board of trustees. The county appropriated \$785,084 for maintenance and support of the college in fiscal year 2019.

Northeast Mississippi Planning and Development District is composed of the Counties of Alcorn, Benton, Marshall, Prentiss, Tippah, and Tishomingo. The Marshall County Board of Supervisors appoints four of

**MARSHALL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**

the 24 members of the board of directors. The county appropriated \$53,000 for support of Northeast Mississippi Planning and Development District in fiscal year 2019.

**NOTE 15 – TAX ABATEMENT**

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Marshall County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with nine entities as of September 30, 2019.

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies: 27-31-105, Miss. Code (Ann.) 1972. All allowable property tax levies:

Category	Fiscal Year 2019	
	% of Taxes Abated	Amount of Taxes Abated
Additions, expansions or equipment replacment	100.00%	\$ 4,472,358

The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

**NOTE 16 - SUBSEQUENT EVENTS.**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Marshall County evaluated the activity of the County through January 10, 2022 (the date the financial statements were available to be issued) and determined that the following events occurred that requires disclosure.

Subsequent to September 30, 2019, the county issued the following debt obligations:

Issue Date	Interest rate	Issue Amount	Type of Financing	Source of Financing
3/13/2020	2.98%	25,120	Lease-Purchase	Ad Valorem Tax
10/6/2020	2.00%	1,250,000	MDA CAP-Loan	Ad Valorem Tax
3/16/2021	2.78%	46,680	Lease-Purchase	Ad Valorem Tax
5/13/2021	2.98%	74,023	Lease-Purchase	Ad Valorem Tax



**MARSHALL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**

Management is continuing to evaluate the impact of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020, on the County's operations. This situation has depressed the tax bases and other areas in which the County received revenue during fiscal year 2019. As such, our financial position, operations, and cash flows will be negatively impacted for the fiscal year 2020 and may hinder our ability to meet the needs of our constituents. Management has and will take the necessary actions to marginalize the disruption caused by the outbreak. The specific impact on our financial position, operations, and cash flows is not readily determinable as of the date of these financial statements, therefore, the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## **MARSHALL COUNTY**

### **REQUIRED SUPPLEMENTARY INFORMATION**

**MARSHALL COUNTY**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2019**

**UNAUDITED**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 11,073,673	12,234,848	12,234,848	-
Licenses, commissions and other revenue	883,525	1,221,370	1,221,370	-
Fines and forfeitures	266,500	324,554	324,554	-
Intergovernmental revenues	2,083,000	2,625,392	2,625,392	-
Charges for services	98,000	85,982	85,982	-
Interest income	74,700	182,540	182,540	-
Miscellaneous revenues	82,000	324,319	324,319	-
Total Revenues	<u>14,561,398</u>	<u>16,999,005</u>	<u>16,999,005</u>	<u>-</u>
<b>EXPENDITURES</b>				
General government	7,065,056	6,653,493	6,653,493	-
Public safety	5,532,377	5,711,637	5,711,637	-
Public works	203,510	227,201	227,201	-
Health and welfare	910,218	833,432	833,432	-
Culture and recreation	371,203	675,594	675,594	-
Conservation of natural resources	120,054	110,296	110,296	-
Economic development and assistance	722,835	681,194	681,194	-
Debt service:				
Principal paid	486,574	480,565	480,565	-
Interest paid	130,698	137,094	137,094	-
Total Expenditures	<u>15,542,525</u>	<u>15,510,506</u>	<u>15,510,506</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(981,127)</u>	<u>1,488,499</u>	<u>1,488,499</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer-in				-
Transfer-out	<u>(878,134)</u>	<u>(847,506)</u>	<u>(847,506)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(878,134)</u>	<u>(847,506)</u>	<u>(847,506)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(1,859,261)</u>	<u>640,993</u>	<u>640,993</u>	<u>-</u>
Fund Balance - Beginning	<u>1,201,544</u>	<u>2,840,853</u>	<u>2,840,853</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (657,717)</u>	<u>3,481,846</u>	<u>3,481,846</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**MARSHALL COUNTY**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)**  
**Road Maintenance Fund**  
**For the Year Ended September 30, 2019**

**UNAUDITED**

		<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>					
Property taxes	\$	5,568,569	5,615,258	5,615,258	-
Road and bridge privilege taxes		504,163	477,680	477,680	-
Intergovernmental revenues		707,000	756,060	756,060	-
Interest income		25,000	67,988	67,988	-
Miscellaneous revenues		3,400	10,093	10,093	-
Total Revenues		6,808,132	6,927,079	6,927,079	-
<b>EXPENDITURES</b>					
Public works		7,040,918	6,316,406	6,316,406	-
Debt service:					
Principal		450,000	427,575	427,575	-
Interest		-	-	-	-
Total Expenditures		7,490,918	6,743,981	6,743,981	-
Excess of Revenues over (under) Expenditures		(682,786)	183,098	183,098	-
<b>Net Change in Fund Balance</b>		(682,786)	183,098	183,098	-
Fund Balance - Beginning		1,195,218	2,139,440	2,820,339	-
Fund Balance - Ending	\$	512,432	2,322,538	3,003,437	-

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**MARSHALL COUNTY**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)**  
**Justice Complex Expansion Fund**  
**For the Year Ended September 30, 2019**

**UNAUDITED**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Interest income	\$ -	25,817	25,817	-
Total Revenues	-	25,817	25,817	-
<b>EXPENDITURES</b>				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	-	25,817	25,817	-
<b>Net Change in Fund Balance</b>	-	25,817	25,817	-
Fund Balance - Beginning	-	5,694,047	5,694,047	-
Fund Balance - Ending	\$ -	5,719,864	5,719,864	-

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**MARSHALL COUNTY**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2019**

**UNAUDITED**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Marshall County</b>						
Proportion of the net pension liability (asset)	0.118148%	0.113575%	0.107956%	0.103580%	0.104444%	0.106381%
Proportionate share of the net pension liability (asset)	\$ 20,784,560	18,890,897	17,945,951	18,501,974	16,144,983	12,912,706
Covered payroll	\$ 7,694,687	7,251,815	6,925,414	6,626,219	6,525,083	6,500,406
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.12%	260.50%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**MARSHALL COUNTY**  
**Schedule of County Contributions**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2019**

**UNAUDITED**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Marshall County</b>						
Contractually required contribution	\$ 1,269,941	1,151,402	1,107,293	1,050,218	1,036,636	1,010,587
Contributions in relation to the contractually required contribution	<u>1,269,941</u>	<u>1,151,402</u>	<u>1,107,293</u>	<u>1,050,218</u>	<u>1,036,636</u>	<u>1,010,587</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 7,854,577	7,310,465	7,029,412	6,668,038	6,581,806	6,416,418
Contributions as a percentage of covered payroll	16.17% *	15.75%	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

\* Beginning July 1, 2019, the employer rate increased from 15.75% to 17.4%.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**MARSHALL COUNTY**  
**Notes to the Required Supplementary Information**  
**For the Year Ended September 30, 2019**  
**UNAUDITED**

**BUDGETARY COMPARISON SCHEDULES**

**A. Budgetary Information.**

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor and Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

**B. Basis of Presentation.**

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budget Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

**C. Budget/GAAP Reconciliation.**

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	Governmental Fund Types		
	General Fund	Road Maintenance Fund	Justice Complex Expansion Fund
Budget ( Cash Basis )	\$ 640,993	183,098	25,817
Increase (Decrease)			
Net adjustments for revenue accruals	(229,952)	(112,460)	
Net adjustments for expenditure accruals	226,363	(210,195)	
GAAP Basis	<u>\$ 637,404</u>	<u>(139,557)</u>	<u>25,817</u>



**MARSHALL COUNTY**  
**Notes to the Required Supplementary Information**  
**For the Year Ended September 30, 2019**  
**UNAUDITED**

**PENSION SCHEDULES**

**A. Changes of assumptions.**

**2019**

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

**2017**

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions were reduced from 3.75% to 3.25%

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

**2016**

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**MARSHALL COUNTY**  
**Notes to the Required Supplementary Information**  
**For the Year Ended September 30, 2019**  
**UNAUDITED**

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

**B. Changes in benefit provisions.**

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017, valuation for the June 30, 2019, fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

## **MARSHALL COUNTY**

### **SUPPLEMENTARY INFORMATION**

**MARSHALL COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

	Catalog of Federal			
	Domestic		Pass-through Entity	Federal
Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Number		Identifying Number	Expenditures
Appalachian Regional Commission (ARC)				
Passed-through the Mississippi Development Authority				
Appalachian Area Development	*	23.002	MS-18554	\$ 1,776,483
Appalachian Area Development	*	23.002	MS-18912	40,142
Appalachian Area Development	*	23.002	MS-19272	829,025
Total Passed-through the Mississippi Development Authority				2,645,650
Total Appalachian Regional Commission (ARC)				2,645,650
U.S. Department of Agriculture-Forest Service				
Passed-through the Mississippi State Treasurer's Office				
School and Roads-grants to states		10.665		64,699
Total Passed-through the Mississippi State Treasurer's Office				64,699
Total U.S. Department of Agriculture-Forest Service				64,699
U.S. Department of the Interior				
Payments in Lieu of Taxes		15.226		82,133
National Wildlife Refuge Fund		15.659		1,756
Total U.S. Department of the Interior				83,889
U.S. Department of Homeland Security				
Passed-through the Mississippi Emergency Management Agency				
Emergency Management Performance Grants		97.042		32,084
Total Passed-through the Mississippi Emergency Management Agency				32,084
Total U.S. Department of Homeland Security				32,084
Total for All Federal Awards				\$ 2,826,322

\* Denotes Major Federal Award Program

The accompanying notes to the Supplementary Information are an integral part of this schedule.

**MARSHALL COUNTY**  
**Notes to the Supplementary Information**  
**For the Year Ended September 30, 2019**

**A. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Marshall County under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**B. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**C. Indirect Cost Rate**

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

## **MARSHALL COUNTY**

## **OTHER INFORMATION**

**MARSHALL COUNTY**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2019**  
**UNAUDITED**

Name	Position	Surety Company	Amount
Charles Terry	Supervisor District 1	Travelers Casualty & Surety	\$ 100,000
Eddie Dixon	Supervisor District 2	Travelers Casualty & Surety	100,000
Keith Taylor	Supervisor District 3	Travelers Casualty & Surety	100,000
George Zinn, III	Supervisor District 4	Travelers Casualty & Surety	100,000
Ronnie Joe Bennett	Supervisor District 5	Travelers Casualty & Surety	100,000
C.W. "Chuck" Thomas	Chancery Clerk	Travelers Casualty & Surety	100,000
Larry Hall	County Administrator	Travelers Casualty & Surety	100,000
Juanita Dillard	Tax Assessor	Travelers Casualty & Surety	100,000
John Dehart	Deputy Tax Assessor	Travelers Casualty & Surety	10,000
Casey Hillmer	Deputy Tax Assessor	Travelers Casualty & Surety	10,000
Kelvin Dowdy	Deputy Tax Assessor	Travelers Casualty & Surety	10,000
Terry Smith	Deputy Tax Assessor	Travelers Casualty & Surety	10,000
Joyce Brown	Deputy Tax Assessor	Travelers Casualty & Surety	10,000
Susan Campbell	Deputy Tax Assessor	Travelers Casualty & Surety	10,000
Betty Byrd	Tax Collector	Travelers Casualty & Surety	100,000
Rosalyn DeBerry	Deputy Tax Collector	Travelers Casualty & Surety	50,000
Barbara Gilliam	Deputy Tax Collector	Travelers Casualty & Surety	50,000
June Wilson	Deputy Tax Collector	Travelers Casualty & Surety	50,000
Verneda Taylor	Deputy Tax Collector	Travelers Casualty & Surety	50,000
Cameron Rhea	Deputy Tax Collector	Travelers Casualty & Surety	50,000
Nadine Long	Deputy Tax Collector	Travelers Casualty & Surety	50,000
Sybrennia DeBerry	Deputy Tax Collector	Travelers Casualty & Surety	50,000
Jan Pipkin	Deputy Tax Collector	Travelers Casualty & Surety	50,000
Melanie Alexander	Deputy Tax Collector	Travelers Casualty & Surety	50,000
Lucy Carpenter	Circuit Clerk	Travelers Casualty & Surety	100,000
Ora Hubbard	Deputy Circuit Clerk	Travelers Casualty & Surety	100,000
Rebecca Calhoun	Deputy Circuit Clerk	Travelers Casualty & Surety	100,000
Keith Dickerson	Sheriff	Travelers Casualty & Surety	100,000
Renea Childress	Purchase Clerk	Travelers Casualty & Surety	75,000
Donna Cooper	Assistant Purchase Clerk	Travelers Casualty & Surety	50,000
Terrica Moss	Receiving Clerk	Travelers Casualty & Surety	75,000
Randy Edwards	Assistant Receiving Clerk	Travelers Casualty & Surety	50,000
Glen Skelton	Assistant Receiving Clerk	Travelers Casualty & Surety	50,000
Yolanda Jones	Assistant Receiving Clerk	Travelers Casualty & Surety	50,000
Donna Cooper	Inventory Control Clerk	Travelers Casualty & Surety	75,000
Larry Hall	Road Manager	Travelers Casualty & Surety	50,000
Michael Perkins	Constable	Travelers Casualty & Surety	50,000
Don Cothorn	Constable	Travelers Casualty & Surety	50,000
Flora Mae Garrison	Justice Court Judge	Travelers Casualty & Surety	100,000
Ernest Cunningham	Justice Court Judge	Travelers Casualty & Surety	100,000
Linda Loftin	Justice Court Clerk	Travelers Casualty & Surety	50,000
Kali Autry	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Taylor Sexton	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Sasha Marsh	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Katrina Washington	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Deborah Crane	Deputy Justice Court Clerk		None

## **MARSHALL COUNTY**

### **SPECIAL REPORTS**



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors  
Marshall County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marshall County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 10, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Marshall County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marshall County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2019-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Marshall County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters which we have reported to the management of Marshall County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated January 10, 2022, included within this document.

### **Marshall County's Response to Finding**

Marshall County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Marshall County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

January 10, 2022

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board of Supervisors  
Marshall County, Mississippi

### **Report on Compliance for the Major Federal Program**

We have audited Marshall County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Marshall County, Mississippi's major federal program for the year ended September 30, 2019. Marshall County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for of Marshall County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marshall County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination Marshall County, Mississippi's compliance.

## Opinion on the Major Federal Program

In our opinion, Marshall County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

## Report on Internal Control over Compliance

Management of Marshall County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marshall County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marshall County, Mississippi's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

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Certified Public Accountants  
Vicksburg, Mississippi  
January 10, 2022

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**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
Marshall County, Mississippi

We have examined Marshall County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of Marshall County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Marshall County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Marshall County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented in relation to that examination.

This report is intended for use in evaluating Marshall County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

January 10, 2022

**MARSHALL COUNTY**

**Schedule 1**

**Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2019**

Our tests did not identify any purchases from other than the lowest bidder.

**MARSHALL COUNTY**  
**Schedule of Emergency Purchases**  
**For the Year Ended September 30, 2019**

**Schedule 2**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
9/25/2019	Sewer Chewer	11,000	General Pump and Equipment	Health Hazard
	Total	<u>\$ 11,000</u>		



**MARSHALL COUNTY****Schedule 3****Schedule of Purchases Made Noncompetitively from a Sole Source****For the Year Ended September 30, 2019**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
5/20/2019	Radio for Helicopter	\$ 8,591	Thoroughbred Aviation Maintenance

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## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Marshall County, Mississippi

In planning and performing our audit of the financial statements of Marshall County, Mississippi for the year ended September 30, 2019, we considered Marshall County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Marshall County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated January 10, 2022, on the financial statements of Marshall County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas of immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

### Sheriff

1. Sheriff's Office is not performing bank reconciliations for all accounts.

**Repeat Finding** No

**Criteria** An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

<b>Condition</b>	During the course of our test work, we noted that bank reconciliations were not being completed accurately and in a timely manner for all accounts.
<b>Cause</b>	The Sheriff's department has not established a system of internal control to ensure cash accounts are accurately and timely reconciled.
<b>Effect</b>	Not performing accurate and timely bank reconciliations creates a weakness in the system of internal controls over cash and may result in the loss or misappropriation of county assets.
<b>Recommendation</b>	The Sheriff's Office should implement an effective internal control system to increase the accuracy in accounting for receipts and disbursements and to ensure that all bank accounts are reconciled monthly in an accurate and timely manner.
<b>Response</b>	I will comply.

#### **Board of Supervisors**

#### **2. Public Officials Should Ensure Compliance with State law over Cafeteria Plan.**

**Repeat Finding** Yes, 5\*\*\*

**Criteria** *Section 25-17-9(2), Mississippi Code Annotated (1972), states, "The State Auditor shall compile a list of providers of cafeteria plans which shall contain those providers he deems acceptable to provide benefits or services related to a cafeteria plan of a state agency or local government entity.*

*Section 25-17-9 (3), Mississippi Code Annotated (1972), states, "Only providers who appear on the most recent list compiled by the State Auditor shall, directly or indirectly, provide benefits included in or administrative services related to cafeteria plans of a state agency or local governmental entity..."*

**Condition** Marshall County's cafeteria plan provider is not included on the list of 2019 approved providers.

**Cause** The Board of Supervisors did not ensure that the county's cafeteria plan provider was on the list approved by the Office of the State Auditor.

**Effect** Failure to select a provider from the list of approved providers could result in misappropriation of public funds.

**Recommendation** The Board of Supervisors should only choose providers listed on the approved list of cafeteria plan providers.

**Response** This has been corrected.

3. A four-year road plan must be adopted for construction and major maintenance of such roads and bridges.

**Repeat Finding** Yes, 7\*\*\*

**Criteria** §65-7-117, *Mississippi Code Annotated (1972)*, states “Each member of the Board of Supervisors shall inspect every road and bridge in the County under the jurisdiction of the County... not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by him or her with recommendations for a four-year plan for construction and major maintenance of such roads and bridges.”

**Condition** During the course of our testing we noted that each member certified the inspections of the roads and bridges in their districts. However, a four-year road plan was not created nor filed with the Clerk of the Board.

**Cause** A four-year road plan has not been created or filed with the Clerk of the Board.

**Effect** Failure to create a four-year road plan is not in compliance with statute and can lead to failure to complete necessary improvements in a timely manner.

**Recommendation** The Board of Supervisors should ensure that they create a four-year road plan and file it with the Clerk of the Board.

**Response** We will comply.

4. The Board of Supervisors should ensure compliance with state law over entering into an inter-local agreement with a local taxing entity for the collection of ad valorem taxes.

**Repeat Finding** No

**Criteria** §17-13-7(4), *Mississippi Code Annotated (1972)*, provides that, “Any two (2) or more local governmental units may enter into written contractual agreements with one another for joint or cooperative action to provide services and facilities...” §17-13-7(4) supports §27-41-2, which allows inter-local agreements for collection by county of ad valorem taxes due to the municipality.

**Condition** During our audit, we noted the County’s inter-local agreements have been in existence since 1989 and 1992 and have not been executed each term of office with the local government entity for the collection of its taxes. However, the tax collector is collecting the local government entity’s taxes and receiving a commission for said services.

**Cause** An inter-local agreement has not been re-executed by the County and the local government entity for the collection of ad valorem taxes.

**Effect** Failure to enter into adequate and appropriate contractual agreements could result in the loss or misappropriation of public funds.

**Recommendation** The Board of Supervisors should enter into an inter-local agreement with the local government entity for the collection of ad valorem taxes each new term of office.

**Response** We will comply.

<b>5.</b>	<u>The Board of Supervisors should ensure compliance with State Law over the Interlocal Agreement with municipalities for Commissions on Land Redemptions</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>§17-13-7(4), Mississippi Code Annotated (1972)</i> , provides that, “Any two (2) or more local government units may enter into written contractual agreements with one another for joint or cooperative action to provide services and facilities...” §17-13-7(4) supports §27-41-2, which allows inter-local agreements for collection by county of ad valorem taxes due to municipality.
<b>Condition</b>	During our testing, we noted the County collects delinquent taxes for local municipalities, but it does not have an agreement addressing the collection of commission for land redemptions.
<b>Cause</b>	The inter-local agreement between the County and the respective municipalities has not been updated to cover all collections and commissions including those for land redemptions.
<b>Effect</b>	Failure to enter into appropriate and sufficient contractual agreements could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Board of Supervisors should enter into an inter-local agreement with each applicable municipality each term of office to cover all services provided by the County and all commissions paid by the local municipalities.
<b>Response</b>	We will comply.
<b>6.</b>	<u>List of employees authorized to issue requisitions and receiving reports.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Sections 31-7-103 and 31-7-109), Mississippi Code Annotated (1972)</i> , state that persons must be specifically authorized to sign purchase requisitions and receiving reports.
<b>Condition</b>	During the course of our test work, we noted that the list of persons authorized to sign purchase requisitions and receiving reports did not specify the individual(s) in each department.
<b>Cause</b>	The list of authorized persons did not specify those individuals with authority to sign purchase requisitions and receiving reports for each department.
<b>Effect</b>	Failure to specify individuals with authority to sign purchase requisitions and receiving reports could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Board should annually approve a list of individuals in each department who are authorized to sign purchase requisitions and receiving reports and spread this list on the minutes.
<b>Response</b>	We will comply.

<b>7.</b>	<u>Public Officials and Employees should ensure compliance with state law over surety bonding requirements.</u>
<b>Repeat Finding</b>	Yes, 17***
<b>Criteria</b>	<i>Section 25-1-15, Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."</i>
<b>Condition</b>	During the course of our testing we noted the following instances of non-compliance: <ul style="list-style-type: none"> <li>• The County Administrator had an indefinite bond</li> <li>• Thirty-nine (39) employees were covered under a blanket bond</li> <li>• Nine (9) deputy tax collectors were covered under a blanket crime policy</li> <li>• One (1) deputy justice court clerk did not have a bond</li> </ul>
<b>Cause</b>	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
<b>Effect</b>	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
<b>Recommendation</b>	We recommend the Board of Supervisors implement procedures to ensure that County officials' and employees' bonds meet the requirements of State Laws.
<b>Response</b>	This will be corrected.

#### Payroll Clerk

<b>8.</b>	<u>Employee File Documentation.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	The County is responsible for establishing and maintaining an effective system of internal controls pertaining to the documentation in employee files.
<b>Condition</b>	During the course of our test work, we noted the following: <ul style="list-style-type: none"> <li>• Eight (8) instances where employees had incomplete or improperly executed I-9 forms</li> <li>• Four (4) instances where the tax forms in the files did not match the withholding amounts in the system</li> </ul>
<b>Cause</b>	The employee files are not being reviewed regularly to identify any files without proper documentation.
<b>Effect</b>	The County employees' withholding elections could be calculated at the wrong rates and the County could face liability due to having improperly executed Form I-9s.

**Recommendation** The County should maintain a complete employee file system that would ensure that the County is in compliance with State and Federal employee documentation laws.

**Response** We will comply.

**Comptroller**

9. Public Officials Should Ensure Compliance with State Law over the Public Depositors Annual Report.

**Repeat Finding** Yes, 20\*\*\*

**Criteria** *Section 27-105-5(6), Mississippi Code Annotated (1972), states, "Public depositors shall comply with the following requirements: a) A public depositor shall ensure that the name of the public depositor and its tax identification number are on the account or certificate provided to the public depositor by the qualified public depository in a manner sufficient to disclose the identity of the public depositor; b) Not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. A public entity established during the year shall furnish its official name, address and federal tax identification number to the State Treasurer before making any public deposit."*

**Condition** The Public Depositors Annual Report was not filed.

**Cause** The Public Depositors Annual Report was not filed by the statutory deadline.

**Effect** Failure to notify the State Treasurer of its official name, address, federal tax identification number, and the balance in its accounts, as of its fiscal year end, increases the risk that the County's total deposits may not be properly collateralized and results in noncompliance with *Section 27-105-5(6)*.

**Recommendation** We recommend the Comptroller file the Public Depositors Annual Report within thirty (30) days following fiscal year end as required by state law.

**Response** We will comply.

**Justice Court Clerk**

10. Justice Court Clerk is not performing accurate bank reconciliations.

**Repeat Finding** No

**Criteria** An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

<b>Condition</b>	During the course of our test work, we noted that bank reconciliations were not being completed accurately.
<b>Cause</b>	The Justice Court Clerk has not established a system of internal control to ensure cash accounts are accurately and timely reconciled.
<b>Effect</b>	Not performing accurate and timely bank reconciliations creates a weakness in the system of internal controls over cash and may result in the loss or misappropriation of county assets.
<b>Recommendation</b>	The Justice Court Clerk should implement an effective internal control system to increase the accuracy in accounting for receipts and disbursements and to ensure that all bank accounts are reconciled monthly in an accurate and timely manner.
<b>Response</b>	We will comply.

#### **Circuit Clerk**

#### **11. Circuit Clerk Should Strengthen Internal Controls over Reconciling Bank Accounts.**

**Repeat Finding** Yes, 16\*\*\*

**Criteria** An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

**Condition** During the course of our test work, we noted that bank reconciliations were not being completed accurately.

**Cause** The Circuit Clerk has not established a system of internal control to ensure cash accounts are accurately and timely reconciled.

**Effect** Not performing accurate and timely bank reconciliations creates a weakness in the system of internal controls over cash and may result in the loss or misappropriation of county assets.

**Recommendation** The Circuit Clerk should implement an effective internal control system to increase the accuracy in accounting for receipts and disbursements and to ensure that all bank accounts are reconciled monthly in an accurate and timely manner.

**Response** I will comply.

#### **12. Circuit Clerk Should Ensure Compliance with State Law over Filing the Annual Financial Report and Depositing Excess into the County General Fund.**

**Repeat Finding** Yes, 13\*\*\*



<b>Criteria</b>	<p><i>Section 9-1-43(1), Mississippi Code Annotated (1972), states, "All such fees received by the office of Chancery or Circuit Clerks that are in excess of the salary limitation shall be deposited by such Clerk into the county general fund on or before April 15 for the preceding calendar year."</i></p> <p><i>Section 9-1-45(1), Mississippi Code Annotated (1972), states, "Each Chancery and Circuit Clerk shall file, not later than April 15 of each year, with the State Auditor of Public Accounts a true and accurate annual report on a form to be designed and supplied to each Clerk by the State Auditor of Public Accounts immediately after January 1 of each year. The form shall include the following information: (a) revenues subject to the salary cap, including fees; (b) revenues not subject to the salary cap; and (c) expenses of office, including any salary paid to a Clerk's spouse or children. Each Chancery and Circuit Clerk shall provide any additional information requested by the Public Employees' Retirement System for the purpose of retirement calculations."</i></p> <p><i>Section 9-1-45(3), Mississippi Code Annotated (1972), states, "If the Chancery or Circuit Clerk fails to provide the reports required in this section, then the State Auditor shall give by United States certified mail, return receipt requested, written notification to the Chancery or Circuit Clerk of noncompliance. If within thirty (30) days after receipt of the notice, the Chancery or Circuit Clerk, in the opinion of the State Auditor, remains in noncompliance, the State Auditor may institute civil proceedings in a court of the county in which the Clerk serves. The court, upon a hearing, shall decide the issue and if it determines that the Clerk is not in substantial compliance, shall order the Clerk to immediately and thereafter comply. Violations of any order of the court shall be punishable as for contempt. In addition, the court in its discretion may impose a civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000) upon the Clerk, for which he shall be liable in his individual capacity, for any such noncompliance that the court determines as intentional or willful."</i></p>
<b>Condition</b>	The Circuit Clerk did not file her Annual Financial Report and deposit excess funds into the general fund until September 8, 2021.
<b>Cause</b>	The Circuit Clerk did not timely file her Annual Financial Report and deposit excess funds into the general fund until after the statutory deadline.
<b>Effect</b>	Failure to file an Annual Financial Report could result in a civil court proceeding and possible civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000). Additionally, failure to deposit any amount in excess of her salary limitation into the county general fund could result in misappropriation and/or loss of public funds.
<b>Recommendation</b>	The Circuit Clerk should ensure that her Annual Financial Report is filed, that the amount in excess of her salary limitation is deposited into the county general fund, and that all future Annual Financial Reports are filed by April 15th.
<b>Response</b>	This will be corrected.
<p>*** Denotes finding number as presented in the Compliance Report issued by the Office of the State Auditor for the fiscal year ended September 30, 2018.</p>	

Marshall County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

January 10, 2022

## **MARSHALL COUNTY**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**MARSHALL COUNTY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2019**

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: |               |
| Governmental activities   | Unmodified    |
| Aggregate discretely presented component unit                   | Adverse       |
| General Fund  | Unmodified    |
| Road Maintenance Fund   | Unmodified    |
| Justice Complex Expansion Fund                                  | Unmodified    |
| Aggregate remaining fund information                            | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weakness identified?                                | Yes           |
| b. Significant deficiency identified?                           | None Reported |
| 3. Noncompliance material to the financial statements noted?    | No            |

**Federal Awards:**

- |   |               |
|---|---------------|
| 4. Internal control over major federal programs:  |               |
| a. Material weaknesses identified?  | No            |
| b. Significant deficiency identified?   | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs:  | Unmodified    |
| 6. Any audit finding disclosed that is required to be reported in accordance with 2 CFR 200.516(a)?   | No            |
| 7. Identification of major federal programs   |               |
| a. 23.002, Appalachian Area Development   |               |
| 8. Dollar threshold used to distinguish between type A and type B programs:   | \$750,000     |
| 9. Auditee qualified as low-risk auditee?   | No            |
| 10. Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.516(b)? | No            |

**MARSHALL COUNTY**  
**Schedule of Findings and Questioned Costs (cont'd)**  
**For the Year Ended September 30, 2019**

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

2019-001	Component units should be included in the financial statements
Repeat Finding	Yes, 2018-001, 2017-001
Criteria	Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units.
Condition	As reported in the prior ten years' audit reports, the financial statements do not include the financial data for the county's legally separate component units.
Cause	The County lacked the resources to include the audited financial statements of the component units.
Effect	The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.
Recommendation	The Board of Supervisors should provide the audited financial data for its discretely presented component units for inclusion in the County's financial statements.
View of Responsible Official(s)	Due to the restrictive budgets and financial burden, the County chose not to include the component units in the financial statements.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.